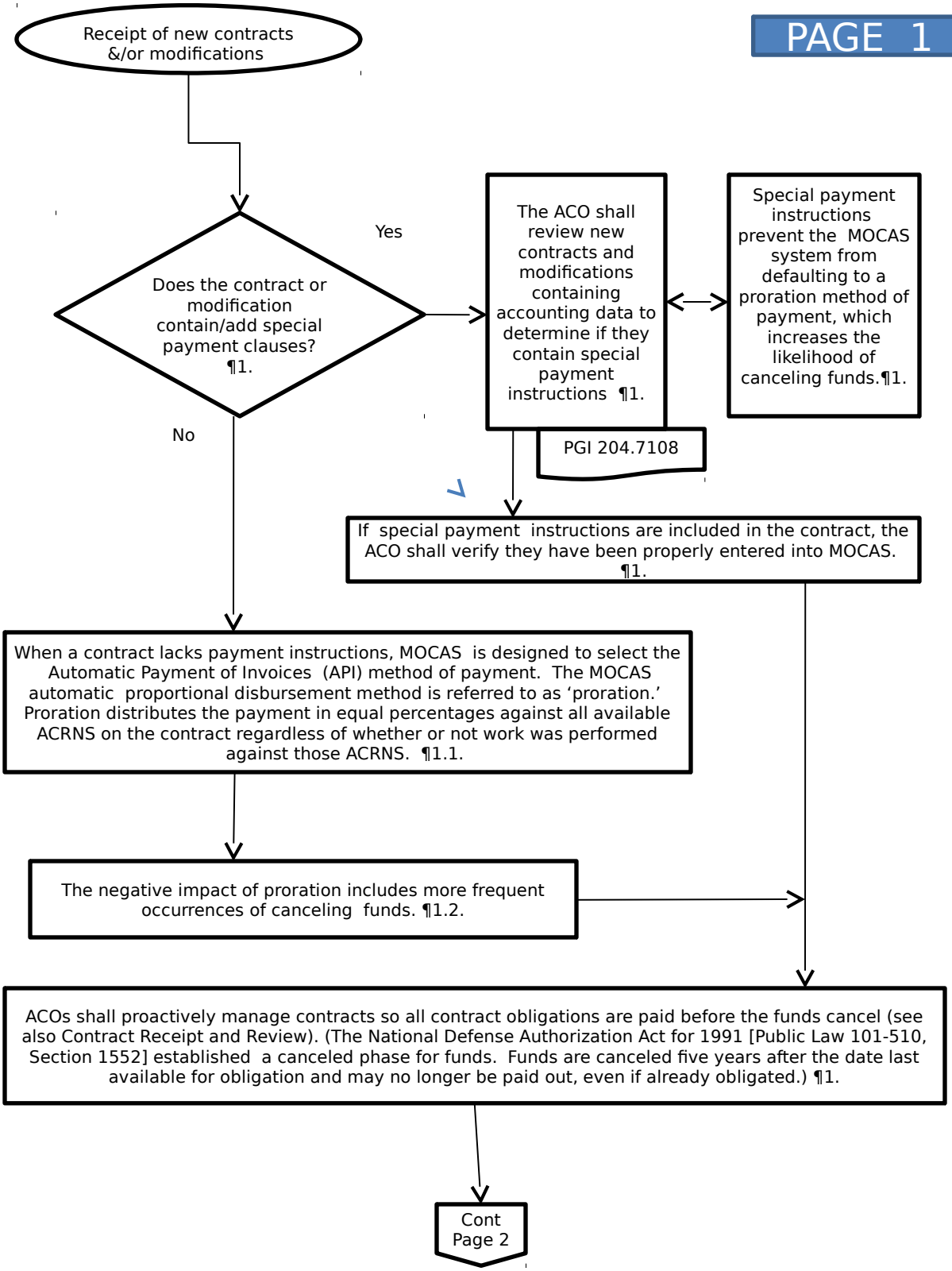
Canceling Funds


Receipt of new contracts &/or modifications
Does the contract or modification contain/add special payment clauses? ¶1.
Yes
No
The ACO shall review new contracts and modifications containing accounting data to determine if they contain special payment instructions ¶1.
Special payment instructions prevent the MOCAS system from defaulting to a proration method of payment, which increases the likelihood of canceling funds.¶1.
PGI 204.7108
If special payment instructions are included in the contract, the ACO shall verify they have been properly entered into MOCAS. ¶1.
When a contract lacks payment instructions, MOCAS is designed to select the Automatic Payment of Invoices (API) method of payment. The MOCAS automatic proportional disbursement method is referred to as 'proration.' Proration distributes the payment in equal percentages against all available ACRNS on the contract regardless of whether or not work was performed against those ACRNS. ¶1.1.
The negative impact of proration includes more frequent occurrences of canceling funds. ¶1.2.
ACOs shall proactively manage contracts so all contract obligations are paid before the funds cancel (see also Contract Receipt and Review). (The National Defense Authorization Act for 1991 [Public Law 101-510, Section 1552] established a canceled phase for funds. Funds are canceled five years after the date last available for obligation and may no longer be paid out, even if already obligated.) ¶1.
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ACOs shall carefully consider actions to prevent funds from canceling because canceled appropriations are subject to the provisions of the Antideficiency Act and improper adjustments may violate appropriations law . (USD, AT&L Letter, Subject: Improper Adjustments to Cancelled Department of Defense Appropriations and FMR Vol 03, Chapter 10). When funds cancel, DFAS contacts the customers for replacement funds to make payments. Replacement funds are usually provided from current appropriations. ¶2.1.

The ACO may use any of the following options and methods to prevent the cancellation of 'at risk' funds and to correct erroneous accounting records:

- Initiate a request for proper disbursement adjustments by submitting the DCMA Form 1797 when errors in accounting data are found.
- Authorize early release of fee withholds where contractors are considered to be low risk.
- Deobligate funds considered to be excess to contractual requirements with written authorization from the Procuring Contracting Officer.
- Establish the contractor's intent to invoice for the canceling funds. Determine whether payment requests will be submitted promptly to ensure processing before the funds cancel.
- Use the Wide Area Work Flow to transmit ACO approved payment requests.
- Obtain Final Vouchers to close the contracts. ¶2.2.

ACOs shall work with their CMOs to prepare an annual reduction plan by January 30th of each calendar year. The plan will identify a percentage reduction of the projected canceling funds to achieve the HQ performance indicator goal for the current year. To accomplish this, ACOs will use the annual Defense Finance and Accounting Service – Columbus (DFAS-CO) list of the forthcoming year's canceling appropriations for MOCAS-administered contracts, posted on the HQ's Latest Data on Canceling Funds website. ¶3.1.

ACOs will verify the updated monthly data (posted on the HQ's Latest Data on Canceling Funds) for contracts with ULOs considered to be 'at risk' of canceling and identify any recently assigned contracts with canceling funds. ACOs shall analyze the rate of reduction using the updated data and work with the CMOs to adjust the annual reduction plan or take other remedial action, as necessary, to achieve the HQ performance indicator goal. ¶3.2.

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ACOs will continuously, but no less than monthly, update the E-Tools Canceling Funds application with current Status & Reason Codes (see list below) for contracts with ULOs considered to be at risk of canceling. ¶3.3.

E-TOOLS CANCELING FUNDS - FISCAL YEAR END (FYE) STATUS CODES / REASONS

A At-risk amount will likely require current year funds if not disbursed/resolved prior to FYE.
B At-risk amount will NOT require current year funds if not disbursed/resolved prior to FYE.

CURRENT REASON/EXPLANATION FOR ULOs AT-RISK OF CANCELLATION:
1 Contract is active, awaiting Contractor performance/delivery.
2 Awaiting correction modification from PCO
3 Awaiting prime contractor settlement with subcontractor.
4 Awaiting contractor overhead rate proposal.
5 Awaiting DCAA audit of contractor overhead rate proposal.
6 Awaiting ACO to negotiate overhead rates.
7 Contractor is expected to bill in time for year end disbursement.
8 Awaiting DCAA audit of Voucher.
9 ACO obligation reconciliation in process.
10 Awaiting Contractor response on reconciliation findings.
11 Contract is physically complete, funds are excess, awaiting PCO response.
12 Contract is physically complete, PCO will not authorize deobligation of excess funds at this time.
(STATUS CODE B ONLY)
13 Contract is physically complete, funds are excess, ACO deobligation modification in process.
14 Contract is physically complete, closeout in process, funds are excess, awaiting MOCAS
systematic deobligation (Q-Final). (STATUS CODE B ONLY)
15 Invoice/voucher at DFAS, coded for payment.
16 Awaiting DFAS reconciliation and/or adjustment action (no invoice at DFAS).
17 Awaiting DFAS reconciliation and/or adjustment action (J coded invoice at DFAS).
18 Termination for convenience - awaiting TCO action.
19 Awaiting settlement of legal issue (e.g., investigation, litigation, bankruptcy, etc.)
20 Other ACO Issue (Requires further explanation in E-Tool "Comment" field)
21 Other Contractor Issue (Requires further explanation in E-Tool "Comments" field)
22 Other DCAA issue (Requires further explanation in E-Tool "Comments" field)
23 Other DFAS issue (Requires further explanation in E-Tool "Comments" field)
24 Other PCO issue (Requires further explanation in E-Tool "Comments" field)

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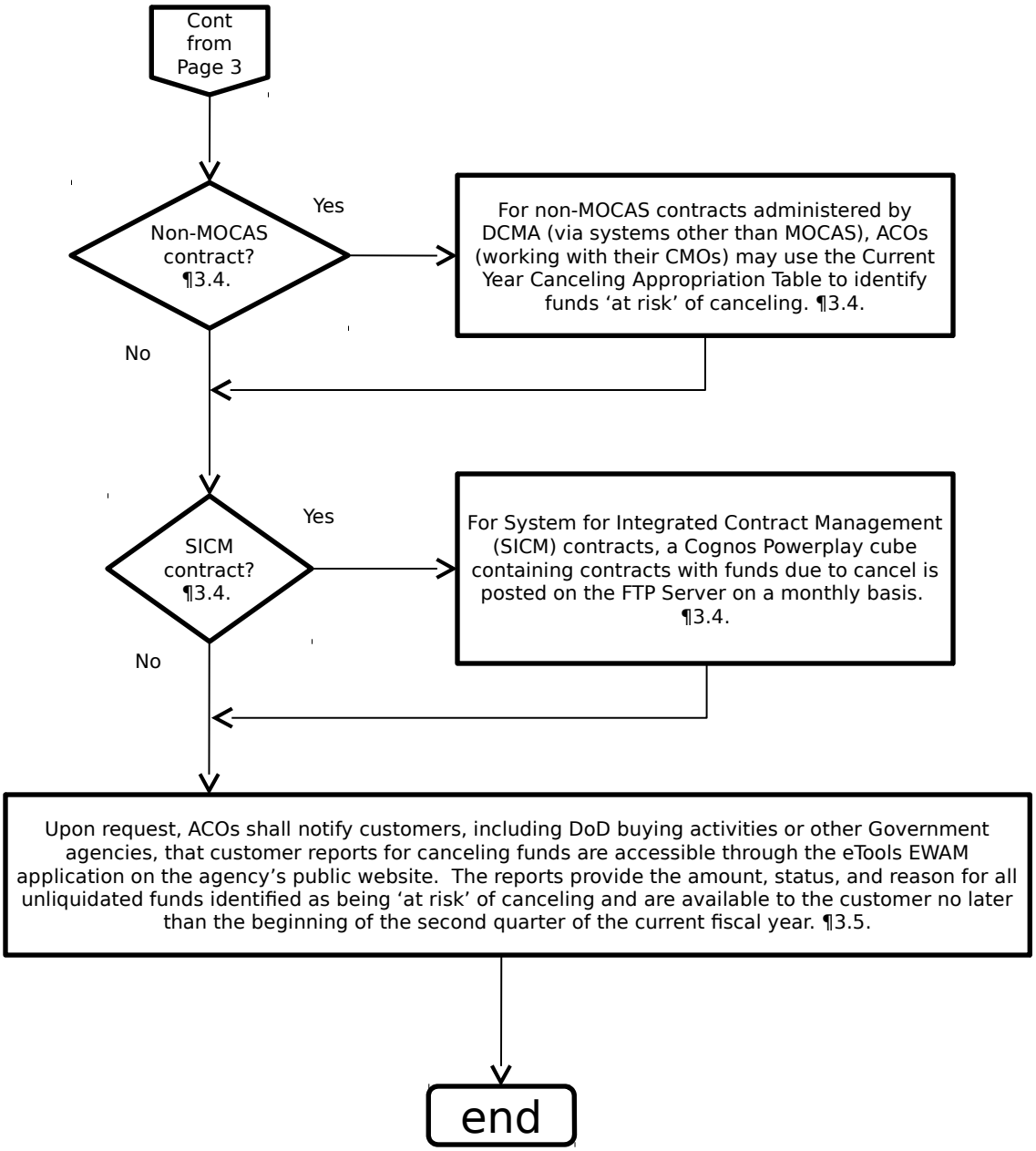
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Non-MOCAS contract? ¶3.4.
Yes
For non-MOCAS contracts administered by DCMA (via systems other than MOCAS), ACOs (working with their CMOs) may use the Current Year Canceling Appropriation Table to identify funds 'at risk' of canceling. ¶3.4.
No
SICM contract? ¶3.4.
Yes
For System for Integrated Contract Management (SICM) contracts, a Cognos Powerplay cube containing contracts with funds due to cancel is posted on the FTP Server on a monthly basis. ¶3.4.
No
Upon request, ACOs shall notify customers, including DoD buying activities or other Government agencies, that customer reports for canceling funds are accessible through the eTools EWAM application on the agency's public website. The reports provide the amount, status, and reason for all unliquidated funds identified as being 'at risk' of canceling and are available to the customer no later than the beginning of the second quarter of the current fiscal year. ¶3.5.
end